

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

FISCAL YEAR ENDED SEPTEMBER 30, 2004

(In Thousands)

Net change in fund balance - total governmental funds \$ 36,449

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.
(Note 9)

Land and other non-depreciable assets	26,814	
Buildings, equipment, and other depreciable assets	108,064	
Infrastructure additions	135,660	
Construction in progress	(72,949)	
Gain on sale of capital assets	8,191	
Accumulated depreciation	<u>(133,407)</u>	72,372

Certain revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the Statement of Activities. 6,944

Increase in equity interest in joint ventures (Note 7) 75

Tax revenues that were reported as resources in the funds but were earned in prior fiscal years are not reported in the Statement of Activities. (79,876)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (3,290)

Bond proceeds provide current financial resources to governmental funds by issuing debt which increases long-term bonded debt in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term bonded debt in the Statement of Net Assets. This is the amount proceeds exceed repayments. (Note 12)

Bond proceeds and premiums received	(1,236,865)	
Repayment of bond principal	729,557	
Payment to refunded bond escrow agent	247,256	
Accrued interest and amortization	(4,199)	
Deferred issue costs	7,330	
Other	<u>(9,971)</u>	(266,893)

Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.
(Note 14)

Net pension obligation	(161,708)	
Capital lease payments	21,561	
Compensated absences payments	(87,299)	
Litigation settlements and payments	27,590	
Workers' compensation	(1,012)	
Other	<u>(2,623)</u>	(203,492)

Change in net assets of governmental activities \$ (437,710)

The accompanying notes are an integral part of the financial statements.